organize the committees, let us appoint the chairmen, and we can talk about the funding later. We can agree that we will go forward. Since the appropriations bills have not been passed and the legislative branch is operating on the 2002 budget, let's go forward and organize, and we can deal with the money later. That is what I ask.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The majority leader.

Mr. FRIST. Mr. President, I just want to close and say that we have worked together, both sides of the aisle, aggressively over the last week. I do believe it is time for us to, as much as possible, bring this to a close, at least in terms of getting our committees set up and running.

I am ready to close unless my colleague has anything to add.

Mr. REID. I would just briefly say to the leader—I appreciate his courtesy in allowing me to speak—we waited 6 weeks last time. I was part of the wait. I understand how long it took. It may have been over blue slips or something else, but still the organizational resolution was held up for 6 weeks. I hope that isn't the case this time. I hope we can work it out more quickly. There has been a lot of debate on both sides. It has clearly been spread on the record of the Senate what the respective positions of both sides are.

Mr. FRIST. Mr. President, in closing, we have a lot of work to do. We got off to a good start last week with the unemployment insurance. We are making progress in terms of negotiations. But—and I mentioned this a few moments ago—the two issues that we have to address, as we look forward to this potential recess 8 or 9 days from now, are: The basic organization of the Senate, simply getting the committee assignments made; second, appropriations: And if we do not complete them, we will be back during the week, after the holiday.

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. In the last Congress Senator KENNEDY and I introduced the Local Law Enforcement Act, a bill that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred October 25, 2001 in Dumfries, VA. Two Afghan-American teenagers were beaten by a group of attackers. Police said that April Scruggs, 42, and her son, Jarvis Berkley Wilhoit, 19, had been taunting the victims for more than a month prior to the beating. Wilhoit and a group of friends approached the victims, who are brothers ages 16 and 17, and began hitting them. Scruggs joined the fight and hit the 17-year-old in the head with a wrench.

I believe that Government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

INVESTORS ARE KEY TO ECONOMIC GROWTH

Mr. KYL. Mr. President, on January 7, I reintroduced the ''Contract with Investors,'' which proposes a number of changes to the tax code to spur investment and encourage economic growth and job creation.

Investment, especially by individuals, is the lifeblood of the U.S. economic system. They key to fostering robust economic growth, rather than the anemic growth we are seeing right now, is to eliminate the disincentives, the high tax rates, that discourage individuals from investing. Once individual investors return to the stock markets, or are encouraged to start up, or invest in existing, small businesses, we will get the growth that creates new, good jobs.

The first element of my proposal repeals from the 2001 tax-relief law the sunset provision that was required by arcane Senate budget rules. The prospect of taxes reverting back to their 2001 levels in 2011 sends a signal to businesses and investors that tax increases are in their future, and this dampens investment. Furthermore, a dramatic tax increase in 2011 will devastate our economy.

Next, I propose to accelerate the remaining marginal rate reductions from the 2001 law, moving the 2004 rate reductions to this year and the 2006 reductions to 2004. Lowering these rates benefits all taxpayers, and is the key to encouraging individuals to invest and take the economic risks that will create jobs. In our progressive income tax system, the marginal rate is the rate at which a person's last dollar of income is taxed. This means that a person who works harder and longer and earns more has those additional earnings taxed at the highest rate for which he or she qualifies. Reducing marginal rates encourages taxpayers to work harder and longer because they will not be taxed as much on that extra income. On the same principle, it makes sense to accelerate the planned tax-rate reductions. Phased-in reductions give taxpayers an incentive to put off income-producing activity into the future, when rates are scheduled to be lower. Accelerating the reductions gives taxpayers the incentive to engage in that income-producing activity immediately.

This also gives quicker relief to small businesses, which are typically taxed not at corporate, but at individual rates. Small businesses account for most new jobs and half of the output of our economy. Currently, the maximum income tax rate for C corporations is 35 percent; once the individual rate cuts are fully implemented, the top tax rate for individuals will also be 35 percent, instead of the current 38.6 percent. This will eliminate a penalty unfairly imposed on small businesses and enable them to expand and employ more workers.

The next element of my plan accelerates to 2005 repeal of the death tax, the estate and generation-skipping transfer taxes. The death tax is unfair and counterproductive and it must be permanently eliminated. A 1998 study by the Joint Economic Committee concluded that the existence of the death tax during the last century has reduced the amount of investors' capital in the economy by nearly half a trillion dollars. The same study estimates that, by repealing the death tax and putting those resources to better use, as many as 240,000 jobs could have been created over seven years and Americans would have had an additional $24.4 billion in disposable personal income.

In 2001 testimony before the Senate Finance Committee, Dr. Wilbur Steger, the president of Consad Research Corporation and a professor at Carnegie Mellon University, testified that immediate repeal of the death tax would provide a $40 billion automatic stimulus to the economy, based on estimates of the amount of net unrealized capital gains that would be ''unlocked.'' Many Americans choose to hold on to their assets until death in order to obtain for their heirs a ''step-up'' in basis. Getting rid of the death tax will encourage Americans to sell assets before death, hence my term ''unlocking.'' Repeal also removes the strongest disincentive to business investment and expansion that faces older business owners. After all, why would people in their golden years expand their businesses, when the federal government is poised to confiscate a large share upon their death?

Under current law, the death tax will go down to zero in 2010 but reappear thereafter, at exorbitant 2001 levels, thus adding significant complexity to future death tax planning, increasing costs that are a drag on economic activity, and retreating from a principled rejection of this unfair tax. This is unacceptable. Until the death tax is gone, family business, farms and ranches must still pay for expensive life insurance policies, death tax planners, and tax attorneys. These expenses, wasted resources that could be put to much more productive use, total more than $12 billion a year, according to Consad Research Corporation. My bill would, as I said, permanently repeal the death tax in 2005, thus allowing all Americans two years to plan for a future in which the federal government no longer taxes the death of its citizens.

The Contract with Investors also addresses capital gains. It provides for maximum taxation of individual capital gains at a rate of 10 percent, which is half the current rate. Ideally, this